

Enterprise Funds

Sewerage and Drainage Operating Fund

2005 Cash Balance Statement

The projected beginning 2005 cash balance of \$43.3 million is nearly 29 percent below the carryover into 2004. Although significant cash balances allowed the division to maintain 1998 rates through 2002 with no across-the-board increase, the 2005 revenue estimate requires a rate increase of 9.5 percent.

2005 FUND BALANCE SUMMARY

| | |
|--|-----------------------------|
| Cash Balance (January 1, 2005) | \$ 43,256,819 |
| Plus Estimated 2005 Receipts | 145,889,771 |
| Total Estimated Available Resources | \$ 189,146,390 |
| Less 2005 Recommended Operating Budget (Sewers/Drains) | (159,800,252) |
| Less 2005 Recommended Operating Budget (Administration) | (556,124) |
| Less 2005 Recommended Operating Budget (Operational Support) | (3,227,811) |
| Projected Available Balance (December 31, 2005) | <u>\$ 25,562,403</u> |

2005 Revenue Summary

User fees completely support the operations of the Division of Sewerage and Drainage. Section 118 of the Columbus City Charter empowers the City Council to establish separate sewer and water rates to fully cover the cost of service. Rates are set to recover the cost of operations; maintenance and debt service, and are reviewed annually by the Sewer and Water Advisory Board. City Council must approve all rate increases before they are effective.

One of the city's goals in the rate setting process is to avoid steep increases and at the same time to fully meet the needs of the system. In order to achieve this goal, a pro forma operating statement was developed. This document is updated annually to reflect current appropriation levels and adjusted for actual revenues and expenditures.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances. A revenue summary chart and a description of the major sources of revenue to the sewer enterprise fund are provided below.

| SEWERAGE AND DRAINAGE REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2002-2005 | | | | |
|--|------------------------|------------------------|---------------------------|--------------------------|
| REVENUE SUMMARY | 2002 Actual | 2003 Actual | 2004 Estimated | 2005 Proposed |
| Service Charges: | | | | |
| Standard Strength | \$ 102,566,720 | \$ 98,595,090 | \$ 107,595,039 | \$ 117,274,109 |
| Extra Strength | 6,262,878 | 6,777,762 | 7,076,475 | 7,713,063 |
| System Capacity Charges | 8,490,430 | 8,620,951 | 8,128,648 | 8,209,935 |
| Investment Income | 3,806,021 | 2,017,059 | 600,000 | 1,190,900 |
| Storm Maintenance Reimbursement | 8,477,388 | 8,259,738 | 8,500,000 | 8,755,000 |
| Other (Includes refunds) | 3,530,260 | 3,756,840 | 2,692,906 | 2,746,764 |
| Beginning Year Cash Balance | 67,106,450 | 74,872,340 | 60,778,648 | 43,256,518 |
| TOTAL RESOURCES | \$ 200,240,147 | \$ 202,899,780 | \$ 195,371,716 | \$ 189,146,289 |
| PERCENT CHANGE | | 1.33% | -3.71% | -3.19% |

Revenue Notes:

- The Department is requesting, with the support of the Sewer and Water Advisory Board, a 9.5 percent rate increase in 2005. With this increase, revenues, excluding the beginning balance, will total nearly \$146 million in 2005, or nearly 8.4 percent more than the 2004 projection. Approximately \$9.2 million of this total is attributable to the increased rate.
- System capacity fees are assumed to grow by a modest one percent, mirroring the small assumed account growth rate. The system capacity fee itself will not increase in 2005.
- The interest income projection is based on the amount of cash assumed to be available in each year for capital projects. For the purposes of projection, an interest rate of two percent is assumed.

Sewer Pro Forma Operating Statement

Presented below is a ten-year pro forma operating statement for the sewerage system enterprise operating fund, reflecting sanitary sewer operations only. A separate pro forma statement for storm sewer operations is presented later in this document. Represented is a projection of the sewerage and drainage operating fund revenues and expenditures on a cash basis for the period 2003 through 2014 given certain assumptions as outlined below. The pro forma operating statement is essential to the planning and rate setting processes. The major assumptions upon which the pro forma's numbers are based are as follows:

- The Sewer and Water Advisory Board recommended an across-the-board sewer rate increase of 9.5 percent for 2005.
- Sanitary sales growth is projected at one percent per year from 2005 throughout the pro forma projection period.
- System capacity charges are assumed to grow by one percent annually, mirroring the assumed growth of the system.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- Equipment costs in 2005 and beyond include an annual allotment to the EPA-mandated capital replacement fund.
- Included in the operations and maintenance budget is \$6.1 million to pay pro rata (payment to the general fund for services provided to the utility divisions by general fund agencies); \$6.2 million for payment to the Water Division for billing services; and \$10.3 million for payment of utilities.
- Proposed new debt is issued in the form of bonds at 4.75 percent in 2005, and 5.5 percent thereafter. The 2005 – 2010 capital improvement plan includes over \$552 million in bond-funded projects.
- Debt service for payment of Ohio Water Development Authority (OWDA) low-interest loans has been included within the appropriate debt schedules. Use of these low-interest monies decrease the debt retirement expenses associated with sanitary sewers projects. Unlike municipal bonds, debt service on OWDA-funded construction projects is not paid until construction is complete. The 2005 – 2010 capital improvement plan includes over \$399 million in OWDA-funded projects.
- The Division of Sewerage and Drainage's capital improvements plan has been reduced by 20 percent throughout the pro forma period. This reduction

recognizes the likelihood that actual debt issuance in any given year will not reach levels outlined in the capital improvements budget because of unavoidable lags in the project planning and implementation process.

- The Division of Sewerage and Drainage's pro forma statement also assumes that all debt will be issued during the second half of the year. Therefore, debt issued in 2005 results in no interest expense until 2006. The same is true for subsequent issues and subsequent years' expenditures.

| SEWERAGE SYSTEM ENTERPRISE FUND | | | | | | | | | | | | |
|---|----------------|-------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014 | | | | | | | | | | | | |
| IN DOLLARS - 000'S OMITTED | | | | | | | | | | | | |
| | ACTUAL 2003 | ESTIMATED 2004 | PROPOSED 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| BEGINNING CASH BALANCE | \$ 74,873 | \$ 60,779 | \$ 43,257 | \$ 25,561 | \$ 22,152 | \$ 30,231 | \$ 41,035 | \$ 44,956 | \$ 51,499 | \$ 57,543 | \$ 69,858 | \$ 63,087 |
| UTILITY REVENUES | | | | | | | | | | | | |
| Water Sales | 105,373 | 114,671 | 115,818 | 128,089 | 149,422 | 174,309 | 203,340 | 219,749 | 233,044 | 247,143 | 262,095 | 272,658 |
| Water Sales Increase | - | - | 9,169 | 16,545 | 19,300 | 22,514 | 11,862 | 9,156 | 9,710 | 10,297 | 6,552 | 6,817 |
| Interest Income | 2,017 | 600 | 1,191 | 1,548 | 880 | 2,190 | 1,657 | 2,271 | 5,543 | 3,803 | 2,973 | 4,426 |
| System Capacity Charge | 8,621 | 8,129 | 8,210 | 8,292 | 8,375 | 8,459 | 8,543 | 8,629 | 8,715 | 8,802 | 8,890 | 8,979 |
| Other | 3,757 | 2,693 | 2,747 | 2,802 | 2,858 | 2,915 | 2,973 | 3,033 | 3,093 | 3,155 | 3,218 | 3,283 |
| Reimbursement from Stormwater Fund | 8,260 | 8,500 | 8,755 | 9,018 | 9,288 | 9,567 | 9,854 | 10,149 | 10,454 | 10,768 | 11,091 | 11,423 |
| TOTAL REVENUE | 128,027 | 134,593 | 145,890 | 166,294 | 190,123 | 219,954 | 238,229 | 252,987 | 270,559 | 283,968 | 294,819 | 307,586 |
| TOTAL RESOURCES | 202,900 | 195,372 | 189,147 | 191,855 | 212,275 | 250,185 | 279,264 | 297,943 | 322,058 | 341,511 | 364,677 | 370,673 |
| UTILITY EXPENSE | | | | | | | | | | | | |
| OPERATIONS & MAINTENANCE | | | | | | | | | | | | |
| Personnel | 28,455 | 30,267 | 31,106 | 32,039 | 33,000 | 33,990 | 35,010 | 36,060 | 37,142 | 38,256 | 39,404 | 40,586 |
| 27th Pay Period | - | - | 1,400 | - | - | - | - | - | - | - | - | - |
| Insurances | 3,783 | 3,716 | 4,523 | 4,840 | 5,179 | 5,541 | 5,929 | 6,344 | 6,788 | 7,264 | 7,772 | 8,316 |
| Supplies & Materials | 4,351 | 5,483 | 5,199 | 5,355 | 5,516 | 5,681 | 5,852 | 6,027 | 6,208 | 6,394 | 6,586 | 6,784 |
| Pro Rata | 5,411 | 5,674 | 6,171 | 7,077 | 8,138 | 9,467 | 10,277 | 10,928 | 11,705 | 12,294 | 12,768 | 13,327 |
| Contractual Services | 27,826 | 31,655 | 32,737 | 33,719 | 34,730 | 35,772 | 36,846 | 37,951 | 39,089 | 40,262 | 41,470 | 42,714 |
| Other | 423 | 697 | 880 | 906 | 934 | 962 | 990 | 1,020 | 1,051 | 1,082 | 1,115 | 1,148 |
| Equipment | 2,290 | 3,420 | 5,355 | 5,515 | 5,681 | 5,851 | 6,027 | 6,207 | 6,394 | 6,585 | 6,783 | 6,987 |
| Division of Operational Support Allocation | - | - | 3,228 | 3,324 | 3,424 | 3,527 | 3,633 | 3,742 | 3,854 | 3,970 | 4,089 | 4,211 |
| PJU Director's Allocation | 575 | 584 | 556 | 573 | 590 | 608 | 626 | 645 | 664 | 684 | 704 | 726 |
| TOTAL OPERATIONS & MAINTENANCE | 73,115 | 81,496 | 91,155 | 93,348 | 97,192 | 101,399 | 105,190 | 108,924 | 112,895 | 116,791 | 120,691 | 124,799 |
| DEBT SERVICE | | | | | | | | | | | | |
| Revenue Bond | 14,873 | 15,635 | 15,431 | 15,218 | 15,093 | 15,151 | 17,581 | 18,880 | 20,178 | - | - | - |
| General Obligation | 39,036 | 33,054 | 27,555 | 28,181 | 26,933 | 24,276 | 23,111 | 19,330 | 16,054 | 15,395 | 13,780 | 13,257 |
| Proposed New Debt | - | - | 999 | 3,071 | 11,916 | 28,887 | 38,671 | 49,555 | 65,633 | 89,712 | 117,364 | 101,468 |
| Less Debt Issuance Premium | - | (2,397) | - | - | - | - | - | - | - | - | - | - |
| O.W.D.A. Debt | 15,098 | 24,327 | 28,446 | 29,885 | 30,910 | 39,437 | 49,755 | 49,755 | 49,755 | 49,755 | 49,755 | 47,341 |
| TOTAL DEBT SERVICE | 69,007 | 70,619 | 72,431 | 76,355 | 84,852 | 107,751 | 129,118 | 137,520 | 151,620 | 154,862 | 180,899 | 162,066 |
| TOTAL EXPENSE | 142,121 | 152,115 | 163,586 | 169,703 | 182,044 | 209,150 | 234,308 | 246,444 | 264,515 | 271,653 | 301,590 | 286,865 |
| ENDING FUND BALANCE | \$ 60,779 | \$ 43,257 | \$ 25,561 | \$ 22,152 | \$ 30,231 | \$ 41,035 | \$ 44,956 | \$ 51,499 | \$ 57,543 | \$ 69,858 | \$ 63,087 | \$ 83,808 |

| SEWERAGE SYSTEM ENTERPRISE FUND | | | | | | | | | | | | |
|---|----------------|-------------------|------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014 | | | | | | | | | | | | |
| IN DOLLARS - 000'S OMITTED | | | | | | | | | | | | |
| | ACTUAL 2003 | ESTIMATED 2004 | PROPOSED 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| PROJECTED RATE INCREASE | 5.00% | 9.50% | 9.50% | 15.50% | 15.50% | 15.50% | 7.00% | 5.00% | 5.00% | 5.00% | 3.00% | 3.00% |
| RESERVE REQUIREMENT: 10% of Operations/Maintenance Costs | 7,311 | 8,150 | 9,116 | 9,335 | 9,719 | 10,140 | 10,519 | 10,892 | 11,290 | 11,679 | 12,069 | 12,480 |
| CASH BASIS COVERAGE | | | | | | | | | | | | |
| REVENUE | \$ 128,027 | \$ 134,593 | \$ 145,890 | \$ 166,294 | \$ 190,123 | \$ 219,954 | \$ 238,229 | \$ 252,987 | \$ 270,559 | \$ 283,968 | \$ 294,819 | \$ 307,586 |
| GROSS O & M EXPENSES | (73,115) | (81,496) | (91,155) | (93,348) | (97,192) | (101,399) | (105,190) | (108,924) | (112,895) | (116,791) | (120,691) | (124,799) |
| NET REVENUE | \$ 54,913 | \$ 53,097 | \$ 54,735 | \$ 72,946 | \$ 92,931 | \$ 118,555 | \$ 133,039 | \$ 144,063 | \$ 157,664 | \$ 167,177 | \$ 174,128 | \$ 182,787 |
| ACTUAL/EST. BEG. SYSTEM RESERVE FUND | 66,562 | 60,779 | 43,257 | 25,562 | 22,152 | 30,233 | 41,037 | 44,958 | 51,501 | 57,546 | 69,862 | 63,092 |
| O&M EXPENSE RESERVE REQUIREMENT | (7,311) | (8,150) | (9,116) | (9,335) | (9,719) | (10,140) | (10,519) | (10,892) | (11,290) | (11,679) | (12,069) | (12,480) |
| SYSTEM RESERVE FUND AVAILABLE | 59,251 | 52,629 | 34,141 | 16,227 | 12,433 | 20,093 | 30,518 | 34,066 | 40,211 | 45,867 | 57,793 | 50,612 |
| ADJUSTED NET REVENUE | \$ 114,164 | \$ 105,726 | \$ 88,876 | \$ 89,173 | \$ 105,364 | \$ 138,648 | \$ 163,557 | \$ 178,129 | \$ 197,875 | \$ 213,044 | \$ 231,921 | \$ 233,399 |
| REVENUE BOND DEBT SERVICE | 14,873 | 15,635 | 15,431 | 15,218 | 15,093 | 15,151 | 17,581 | 18,880 | 20,178 | - | - | - |
| G.O. DEBT SERVICE (including proposed new debt) | 39,036 | 33,054 | 28,554 | 31,252 | 38,849 | 53,163 | 61,782 | 68,885 | 81,687 | 105,107 | 131,144 | 114,725 |
| OWDA DEBT SERVICE | 15,098 | 24,327 | 28,446 | 29,885 | 30,910 | 39,437 | 49,755 | 49,755 | 49,755 | 49,755 | 49,755 | 47,341 |
| TOTAL DEBT SERVICE | \$ 69,007 | \$ 73,016 | \$ 72,431 | \$ 76,355 | \$ 84,852 | \$ 107,751 | \$ 129,118 | \$ 137,520 | \$ 151,620 | \$ 154,862 | \$ 180,899 | \$ 162,066 |
| Rate covenant tests: | | | | | | | | | | | | |
| COVERAGE RATIO (1.00 REQUIRED) | | | | | | | | | | | | |
| ADJ. NET REVENUE vs. TOTAL DEBT SERVICE | 1.65 | 1.45 | 1.23 | 1.17 | 1.24 | 1.29 | 1.27 | 1.30 | 1.31 | 1.38 | 1.28 | 1.44 |
| COVERAGE RATIO (1.25 REQUIRED) | | | | | | | | | | | | |
| ADJ. NET REVENUE vs. REV. BOND DEBT SERVICE | 7.68 | 6.76 | 5.76 | 5.86 | 6.98 | 9.15 | 9.30 | 9.43 | 9.81 | NA | NA | NA |
| Bond reserve requirement test: | | | | | | | | | | | | |
| COVERAGE RATIO (1.50 REQUIRED) | | | | | | | | | | | | |
| ADJ. NET REVENUE vs. REV. BOND DEBT SERVICE | 7.68 | 6.76 | 5.76 | 5.86 | 6.98 | 9.15 | 9.30 | 9.43 | 9.81 | NA | NA | NA |

Electricity Enterprise Fund

2005 Cash Balance Statement

In 2005, the total volume of electric retail sales, the largest source of revenue in the electricity enterprise fund, is projected to increase by 2.75 percent over 2004 totals. However, due to the rapidly growing cost of purchase power, revenues into the fund are projected to fall below projected expenses. As such, the division may require a transfer from the special income tax (SIT) fund.

At issue are the newly imposed transmission fees, the cost of which the city is currently absorbing. The division is working with its consultants and attorneys to determine its relative responsibility for these new transmission fees under the terms of the current purchase power agreement, which may result in some downward adjustment to this transmission fees cost. Until the outcome of this issue is known, the department will assume a worst-case scenario and project a need for an SIT transfer.

2005 FUND BALANCE SUMMARY

| | |
|--|----------------------------|
| Cash Balance (January 1, 2005) | \$ 778,319 |
| Plus Estimated 2005 Receipts | 63,827,890 |
| Plus Kilowatt Hour Tax Revenues | - |
| Plus Special Income Tax Transfer | - |
| Total Estimated Available Resources | <u>\$ 64,606,209</u> |
| Less 2005 Recommended Operating Budget (Electricity) | (63,861,893) |
| Less 2005 Recommended Operating Budget (Administration) | (215,640) |
| Less 2005 Recommended Operating Budget (Operational Support) | (1,426,154) |
| Projected Available Balance (December 31, 2005) | <u><u>\$ (897,478)</u></u> |

2005 Revenue Summary

Electricity operating fund revenues fall into two basic categories: revenues from the retail sale of electricity and miscellaneous revenues for specific services (e.g., operation and maintenance of expressway lighting) and investments.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances. For that reason, relative percentage change calculations for this fund are based on current year receipts only.

A revenue chart and a description of the major sources of revenue to the electricity enterprise fund are provided below.

| ELECTRICITY ENTERPRISE FUND REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2002-2005 | | | | |
|--|------------------------|------------------------|---------------------------|--------------------------|
| REVENUE SUMMARY | 2002 Actual | 2003 Actual | 2004 Estimated | 2005 Proposed |
| Charges for Electric Service | \$ 51,846,937 | \$ 54,198,330 | \$ 52,754,711 | \$ 57,222,031 |
| Construction Charges | 963,190 | 650,343 | 1,503,000 | 820,000 |
| Expressway Lighting/Maintenance | 736,928 | 1,045,990 | 910,000 | 890,000 |
| New Customer Installation Revenue | 538,865 | 706,607 | 600,000 | 900,000 |
| Investment Income | 242,962 | 99,662 | 15,000 | 25,000 |
| Workers Comp/Insurance Savings | 51,425 | - | - | - |
| Other Revenue | 742,333 | 776,066 | 899,940 | 775,000 |
| Street Lighting Charges | 217,331 | 258,091 | 292,756 | 295,859 |
| Kilowatt Hour Tax Revenues | 3,132,801 | 3,148,023 | - | - |
| Transportation Street Lighting Revenue | - | - | 2,900,000 | 2,900,000 |
| Special Income Tax Transfer | 157,049 | - | 350,000 | - |
| Beginning Year Cash Balance | 193,027 | (76,010) | 418,300 | 778,319 |
| TOTAL RESOURCES | \$ 58,822,848 | \$ 60,807,102 | \$ 60,643,707 | \$ 64,606,209 |
| PERCENT CHANGE | | 3.37% | -0.27% | 6.53% |

Revenue Notes:

- Revenues, excluding the beginning year cash balance are expected to be \$63.8 million in 2005, an increase of 6.6 percent over 2004 estimates.
- Effective May 2001, changes in state law caused the Division of Electricity to pay the proceeds of a kilowatt hour tax to the general fund. At that time, to avoid a net reduction in revenue to the division, the general fund reimbursed the payments to the electricity operating fund. However, in 2004, legislation was passed that allowed the general fund to keep the kilowatt hour proceeds. In turn, the division will receive up to \$2.9 million per year from the street construction, maintenance and repair fund for street lighting costs and may receive additional monies for debt service costs, if needed.

Electricity Pro Forma Operating Statement

During the summers of 1998 and 1999, the Division of Electricity experienced sudden increases in purchase power expenses. During 1998, certain power sources in the Midwest were temporarily disrupted through untimely maintenance and tornado damage. In 1999, the situation was further exacerbated by a severe nationwide heat wave. In 1998 and in 1999, the division passed on a portion of these costs to customers in the form of fuel adjustment charges. To hedge against a recurrence of these levels of purchase power costs, the division entered into contracts to cover most of the peak demand that could be anticipated during the summer months in 2000. During 2000, the division was successful in securing favorable, long-term contracts for its purchase power to meet its needs into the future. For 2005, the purchase power projection is \$40.6 million, of which \$2.1 million is to cover the aforementioned newly imposed transmission fees.

A pro forma operating statement for the electricity enterprise fund is presented on the following pages. The following assumptions were used:

- The pro forma assumes operating and maintenance and debt service costs for the division's street lighting program through the entire pro forma period. The objective of the program is to install street lighting throughout the city without general fund or special income tax support and so will be funded with revenues derived from electric retail sales, to the extent possible.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- The largest portion, by far, of the Division of Electricity's budget is for the purchase of electrical power. In 2005, over \$40.6 million is budgeted for this wholesale power, which is in turn sold to the division's customers. The 2005 budget also includes nearly \$2.8 million for payment of pro rata and over \$.6 million for payment of utilities.
- For purposes of this document, it is assumed that purchase electrical power costs will average \$43.95 per megawatt hour in 2005, a portion of which covers the newly imposed transmission fees. However, the city is currently working with its consultants and attorneys to determine its relative responsibility for the new fees under the terms of the current purchase power agreement, which may result in some downward adjustment to these costs.

- Proposed new bonded debt is conservatively projected. It is assumed that such debt will be directly bonded at 4.5 percent in 2005, 5.0 percent in 2006 and 5.5 percent thereafter. Details regarding the proposed capital expenditures are available in the capital summary section of this document.
- The Division of Electricity's pro forma statement also assumes that all debt will be issued during the second half of the year. Therefore, debt issued in 2004 results in no interest expense until 2005. The same is true for subsequent issues and subsequent years' expenditures.

Enterprise Funds

ELECTRICITY ENTERPRISE FUND PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014 IN DOLLARS - 000'S OMITTED

| | Actual 2003 | Estimated 2004 | Proposed 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| REVENUE SUMMARY | | | | | | | | | | | | |
| Electricity Sales | | | | | | | | | | | | |
| Residential A-1 | \$ 5,303 | \$ 5,562 | \$ 5,902 | \$ 6,166 | \$ 6,320 | \$ 6,478 | \$ 6,647 | \$ 6,819 | \$ 6,997 | \$ 7,179 | \$ 7,365 | \$ 7,557 |
| Commercial CS-20 | 301 | 313 | 332 | 347 | 356 | 365 | 374 | 384 | 394 | 404 | 415 | 425 |
| Commercial CS-22 | 6,976 | 7,175 | 7,603 | 7,937 | 8,136 | 8,339 | 8,556 | 8,778 | 9,006 | 9,241 | 9,481 | 9,727 |
| Lg. Commercial/Industrial - 23 | 39,297 | 40,657 | 43,836 | 46,229 | 47,385 | 48,569 | 49,832 | 51,128 | 52,457 | 53,821 | 55,220 | 56,656 |
| Italian Village | - | - | 441 | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 |
| Lg. Commercial/Industrial - 31 | 1,702 | 1,714 | 1,835 | 1,927 | 1,975 | 2,025 | 2,077 | 2,131 | 2,187 | 2,244 | 2,302 | 2,362 |
| Commercial F39 | 619 | 600 | 627 | 649 | 665 | 682 | 700 | 718 | 736 | 756 | 775 | 795 |
| Kilowatt Hour Tax Reduction | - | (3,267) | (3,354) | (3,466) | (3,547) | (3,629) | (3,718) | (3,808) | (3,900) | (3,995) | (4,093) | (4,193) |
| Total Electric Sales | 54,198 | 52,755 | 57,222 | 61,084 | 62,585 | 64,123 | 65,763 | 67,446 | 69,172 | 70,943 | 72,760 | 74,625 |
| Street Lighting Energy | 3,056 | 3,134 | 3,322 | 3,369 | 3,416 | 3,464 | 3,512 | 3,562 | 3,611 | 3,662 | 3,713 | 3,765 |
| St Lt Energy Absorbed In House | (3,056) | (3,134) | (3,322) | (3,369) | (3,416) | (3,464) | (3,512) | (3,562) | (3,611) | (3,662) | (3,713) | (3,765) |
| Expressway Lighting | 632 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 | 520 |
| Other Revenues | | | | | | | | | | | | |
| Street Lighting Maintenance | 2,353 | 2,447 | 2,545 | 2,647 | 2,753 | 2,863 | 2,977 | 3,096 | 3,220 | 3,349 | 3,483 | 3,622 |
| SL Maintenance Absorbed In House | (2,353) | (2,447) | (2,545) | (2,647) | (2,753) | (2,863) | (2,977) | (3,096) | (3,220) | (3,349) | (3,483) | (3,622) |
| Expressway Maintenance | 414 | 390 | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 | 370 |
| Freeway Maintenance | - | - | - | - | - | - | - | - | - | - | - | - |
| Construction Charges | 650 | 1,503 | 820 | 845 | 870 | 896 | 923 | 951 | 979 | 1,008 | 1,039 | 1,070 |
| New Customer Installation Revenue | 707 | 600 | 900 | 927 | 955 | 983 | 1,013 | 1,043 | 1,075 | 1,107 | 1,140 | 1,174 |
| Investment Earnings | 100 | 15 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Other Charges & Miscellaneous | 776 | 900 | 775 | 798 | 822 | 847 | 872 | 898 | 925 | 953 | 982 | 1,011 |
| SL Reimbursement - Transportation | - | 2,900 | 2,900 | 2,987 | 3,077 | 3,169 | 3,264 | 3,362 | 3,463 | 3,567 | 3,674 | 3,784 |
| Total Other Revenue | 2,647 | 6,308 | 5,790 | 5,952 | 6,119 | 6,290 | 6,467 | 6,649 | 6,837 | 7,031 | 7,230 | 7,434 |
| Total Operating Revenue before Reimbursement | 57,477 | 59,583 | 63,532 | 67,556 | 69,224 | 70,934 | 72,750 | 78,177 | 80,141 | 82,156 | 84,223 | 86,345 |
| Assessment/Expense Reimbursement | 258 | 293 | 296 | 271 | 226 | 184 | 154 | 141 | 124 | 108 | 28 | 27 |
| Kwh Taxes Received | 3,148 | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | \$ 60,883 | \$ 59,875 | \$ 63,828 | \$ 67,827 | \$ 69,450 | \$ 71,118 | \$ 72,904 | \$ 78,318 | \$ 80,265 | \$ 82,263 | \$ 84,252 | \$ 86,372 |

ELECTRICITY ENTERPRISE FUND
PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014
 IN DOLLARS - 000'S OMITTED

| | Actual 2003 | Estimated 2004 | Proposed 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|----------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-----------------|------------------|------------------|
| EXPENDITURE SUMMARY | | | | | | | | | | | | |
| Salaries | \$ 8,952 | \$ 9,220 | \$ 9,883 | \$ 9,954 | \$ 10,352 | \$ 10,766 | \$ 11,197 | \$ 11,645 | \$ 12,110 | \$ 12,595 | \$ 13,099 | \$ 13,623 |
| Purchase Power | 34,512 | 36,027 | 40,605 | 41,799 | 42,656 | 43,534 | 44,469 | 45,427 | 46,410 | 47,419 | 48,453 | 49,514 |
| Materials and Supplies | 675 | 600 | 769 | 792 | 816 | 840 | 865 | 891 | 918 | 946 | 974 | 1,003 |
| Pro Rata | 2,521 | 2,828 | 2,839 | 3,039 | 3,114 | 3,191 | 3,273 | 3,357 | 3,443 | 3,531 | 3,622 | 3,715 |
| Services | 2,303 | 2,453 | 2,441 | 2,515 | 2,590 | 2,668 | 2,748 | 2,830 | 2,915 | 3,003 | 3,093 | 3,185 |
| AMPO Service Fees A & B | 414 | 434 | 426 | 461 | 473 | 484 | 496 | 508 | 521 | 534 | 547 | 560 |
| Other Disbursements | 254 | 1,249 | 146 | 150 | 155 | 160 | 164 | 169 | 174 | 180 | 185 | 190 |
| Capital Equipment | 1,612 | 1,636 | 2,035 | 2,096 | 2,158 | 2,223 | 2,290 | 2,359 | 2,429 | 2,502 | 2,577 | 2,655 |
| Total Distribution Op Exp before Debt Svc | 51,243 | 54,447 | 59,144 | 60,805 | 62,314 | 63,866 | 65,501 | 67,186 | 68,921 | 70,708 | 72,549 | 74,445 |
| Distribution G.O. Debt | 2,892 | 2,896 | 3,154 | 4,207 | 3,945 | 3,484 | 3,335 | 2,684 | 2,202 | 1,926 | 1,740 | 1,320 |
| Street Lighting G.O. debt | 2,679 | 2,534 | 2,326 | 2,230 | 2,024 | 1,686 | 1,627 | 1,154 | 799 | 521 | 302 | 259 |
| Refinancing Debt Svc | - | (530) | (1,057) | - | - | - | - | - | - | - | - | - |
| DOS Allocation | - | - | 1,426 | 1,469 | 1,513 | 1,558 | 1,605 | 1,653 | 1,703 | 1,754 | 1,807 | 1,861 |
| PU&A Director's Allocation | 118 | 226 | 216 | 224 | 233 | 243 | 252 | 262 | 273 | 284 | 295 | 307 |
| Street Light Assessments | 309 | 293 | 296 | 271 | 226 | 184 | 154 | 141 | 124 | 108 | 28 | 27 |
| Total Expenditures before New Debt Svc | 57,241 | 59,865 | 65,504 | 69,206 | 70,255 | 71,020 | 72,474 | 73,081 | 74,022 | 75,301 | 76,721 | 78,219 |
| New Distribution Debt Service | - | - | - | 68 | 279 | 463 | 651 | 851 | 1,071 | 1,282 | 1,484 | 1,677 |
| New Street Lighting Debt Service | - | - | - | 71 | 310 | 559 | 809 | 1,048 | 1,263 | 1,470 | 1,667 | 1,856 |
| Total Expenditures before Kwh Tax Exp | 57,241 | 59,865 | 65,504 | 69,345 | 70,843 | 72,042 | 73,934 | 74,980 | 76,356 | 78,053 | 79,872 | 81,752 |
| Kwh Tax Exp Transfer to General Fund | 3,148 | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures | 60,389 | 59,865 | 65,504 | 69,345 | 70,843 | 72,042 | 73,934 | 74,980 | 76,356 | 78,053 | 79,872 | 81,752 |
| Beginning Year Cash 1/1 | (76) | 418,158 | 778 | (898) | (2,415) | (3,809) | (4,734) | (5,764) | (2,426) | 1,482 | 5,693 | 10,072 |
| Transfer from SIT | - | 350 | - | - | - | - | - | - | - | - | - | - |
| Ending Year Cash 12/31 | \$ 418 | \$ 778 | \$ (898) | \$ (2,415) | \$ (3,809) | \$ (4,734) | \$ (5,764) | \$ (2,426) | \$ 1,482 | \$ 5,693 | \$ 10,072 | \$ 14,692 |

Water Operating Fund

2005 Cash Balance Statement

The beginning 2005 cash balance of \$30.3 million represents a decrease over 2004 of 11.2 percent.

2005 FUND BALANCE SUMMARY

| | |
|--|-----------------------------|
| Cash Balance (January 1, 2005) | \$ 28,103,901 |
| Plus Estimated 2005 Receipts | <u>107,670,955</u> |
| Total Estimated Available Resources | \$ 135,774,856 |
| Less 2005 Recommended Operating Budget (Water) | (112,257,497) |
| Less 2005 Recommended Operating Budget (Administration) | (363,183) |
| Less 2005 Recommended Operating Budget (Operational Support) | (2,326,883) |
| Projected Available Balance (December 31, 2005) | <u><u>\$ 20,827,293</u></u> |

2005 Revenue Summary

User fees completely support the operations of the Water Division. Section 118 of the Columbus City Charter empowers the City Council to establish separate sewer and water rates to fully cover the cost of service. Rates are set to recover the cost of operations; maintenance and debt service, and are reviewed annually by the Sewer and Water Advisory Board. City Council must approve all rate increases before they are effective.

One of the city's goals in the rate setting process is to avoid steep increases and at the same time to fully meet the needs of the system. In order to achieve this goal, a pro forma operating statement was developed. This document is updated annually to reflect current appropriation levels and adjusted for actual revenues and expenditures.

Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances. A revenue summary chart and a description of the major sources of revenue to the water enterprise fund are provided below.

| WATER OPERATING FUND REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2002-2005 | | | | |
|---|------------------------|------------------------|---------------------------|--------------------------|
| REVENUE SUMMARY | 2002 Actual | 2003 Actual | 2004 Estimated | 2005 Proposed |
| Water Sales | \$ 75,518,990 | \$ 72,998,503 | \$ 79,784,687 | \$ 85,451,062 |
| Water Penalty Fees | 812,525 | 857,805 | 848,684 | 857,171 |
| System Capacity Charges | 11,932,477 | 11,250,727 | 11,807,369 | 11,925,443 |
| Sewer Billings | 5,776,350 | 6,036,986 | 6,000,000 | 6,180,000 |
| Meter Service Fee | 568,834 | 551,167 | 614,259 | 620,402 |
| Investment Income | 2,654,884 | 2,187,067 | 107,834 | 1,269,539 |
| Other Revenue | 2,043,868 | 2,703,369 | 1,353,800 | 1,367,338 |
| Beginning Year Cash Balance | 37,588,434 | 39,544,730 | 34,173,710 | 28,103,901 |
| TOTAL RESOURCES | \$ 136,896,362 | \$ 136,130,354 | \$ 134,690,343 | \$ 135,774,856 |
| PERCENT CHANGE | | -0.56% | -1.06% | 0.81% |

Revenue Notes:

- The Department is requesting, with the support of the Sewer and Water Advisory Board, a 7.25 percent rate increase in 2005. With this increase, revenues, excluding the beginning balance, will total over \$107.7 million in 2005, or almost 7.2 percent more than the 2004 projection.
- Sewer billing charges are projected to total nearly 6.2 million in 2005 or three percent higher than the 2004 projection.
- System capacity fees are assumed to grow by a modest one percent, mirroring the small assumed account growth rate. The system capacity fee itself will not increase in 2005.
- The interest income projection is based on the amount of cash assumed to be available in each year for capital projects. For the purposes of projection, an interest rate of two percent is assumed.

Water Pro Forma Operating Statement

A pro forma operating statement for the ten-year period beginning 2005 is presented on the following pages. The statement is designed to project the utility's revenues and expenditures for that period, given certain assumptions and is essential to the planning and rate setting processes. The major assumptions upon which the pro forma's numbers are based are as follows:

- The sewer and water advisory board has recommended a 7.25 percent increase in water rates in 2005.
- Water sales growth is projected at one percent per year, based on a recent history of water sales growth.
- The system capacity charge revenue is projected at one percent growth per year, mirroring growth of the system.
- Interest rates on investments of revenues and reserves are projected to be two percent.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- Included in the operations and maintenance budget is \$4.8 million for payment of pro rata; \$8.87 for the purchase of chemicals; and \$5.5 million for payment of utilities.
- Proposed new debt is issued in the form of bonds at an assumed interest rate 4.75 percent in 2005 and 5.5 thereafter.
- In 1995 and 1996, the City of Columbus issued a total of \$62.8 million in variable rate debt for Water Division capital projects. For purposes of this pro forma statement, the interest rate on that debt is assumed to be 3.5 percent.
- The Division of Water's capital improvements budget (CIB) has been discounted by 20 percent. This reduction recognizes the probability that debt issued in any given year will not reach the levels outlined in the division's capital improvements budget due to unavoidable lags in the project planning and implementation process. By contrast, the capital improvements budget ordinance will reflect the division's entire approved plan for 2005.

WATER ENTERPRISE FUND
PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014
 IN DOLLARS - 000'S OMITTED

| | ACTUAL 2003 | ESTIMATED 2004 | PROPOSED 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| BEGINNING CASH BALANCE | \$ 39,545 | \$ 34,174 | \$ 28,104 | \$ 20,827 | \$ 18,335 | \$ 17,675 | \$ 22,037 | \$ 31,272 | \$ 44,505 | \$ 70,750 | \$ 102,109 | \$ 135,316 |
| UTILITY REVENUES | | | | | | | | | | | | |
| Water Sales | 72,999 | 79,785 | 80,583 | 87,289 | 96,758 | 107,253 | 118,888 | 131,184 | 139,120 | 147,537 | 156,463 | 164,349 |
| Water Sales Increase | - | - | 4,869 | 7,092 | 7,862 | 8,714 | 9,164 | 5,466 | 5,797 | 6,147 | 5,215 | 5,478 |
| Interest Income | 2,187 | 108 | 1,270 | 1,402 | 1,206 | 943 | 862 | 915 | 1,486 | 1,879 | 2,350 | 2,848 |
| System Capacity Charge | 11,251 | 11,807 | 11,925 | 12,045 | 12,165 | 12,287 | 12,410 | 12,534 | 12,659 | 12,786 | 12,914 | 13,043 |
| Sewer Billing Charges | 6,037 | 6,000 | 6,180 | 6,365 | 6,556 | 6,753 | 6,956 | 7,164 | 7,379 | 7,601 | 7,829 | 8,063 |
| Penalties | 858 | 849 | 857 | 866 | 874 | 883 | 892 | 901 | 910 | 919 | 928 | 937 |
| Meter Service Fees | 551 | 614 | 620 | 627 | 633 | 639 | 646 | 652 | 659 | 665 | 672 | 679 |
| Other | 2,703 | 1,354 | 1,367 | 1,381 | 1,395 | 1,409 | 1,423 | 1,437 | 1,451 | 1,466 | 1,481 | 1,495 |
| TOTAL REVENUE | 96,586 | 100,517 | 107,671 | 117,067 | 127,449 | 138,881 | 151,241 | 160,253 | 169,461 | 179,000 | 187,852 | 196,892 |
| TOTAL RESOURCES | \$ 136,131 | \$ 134,691 | \$ 135,775 | \$ 137,894 | \$ 145,784 | \$ 156,556 | \$ 173,278 | \$ 191,525 | \$ 213,966 | \$ 249,750 | \$ 289,961 | \$ 332,208 |

WATER ENTERPRISE FUND
PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014
 IN DOLLARS - 000'S OMITTED

| | ACTUAL 2003 | ESTIMATED 2004 | PROPOSED 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| BEGINNING CASH BALANCE | \$ 39,545 | \$ 34,174 | \$ 28,104 | \$ 20,827 | \$ 18,335 | \$ 17,675 | \$ 22,037 | \$ 31,272 | \$ 44,505 | \$ 70,750 | \$ 102,109 | \$ 135,316 |
| UTILITY REVENUES | | | | | | | | | | | | |
| Water Sales | 72,999 | 79,785 | 80,583 | 87,289 | 96,758 | 107,253 | 118,888 | 131,184 | 139,120 | 147,537 | 156,463 | 164,349 |
| Water Sales Increase | - | - | 4,869 | 7,092 | 7,862 | 8,714 | 9,164 | 5,466 | 5,797 | 6,147 | 5,215 | 5,478 |
| Interest Income | 2,187 | 108 | 1,270 | 1,402 | 1,206 | 943 | 862 | 915 | 1,486 | 1,879 | 2,350 | 2,848 |
| System Capacity Charge | 11,251 | 11,807 | 11,925 | 12,045 | 12,165 | 12,287 | 12,410 | 12,534 | 12,659 | 12,786 | 12,914 | 13,043 |
| Sewer Billing Charges | 6,037 | 6,000 | 6,180 | 6,365 | 6,556 | 6,753 | 6,956 | 7,164 | 7,379 | 7,601 | 7,829 | 8,063 |
| Penalties | 858 | 849 | 857 | 866 | 874 | 883 | 892 | 901 | 910 | 919 | 928 | 937 |
| Meter Service Fees | 551 | 614 | 620 | 627 | 633 | 639 | 646 | 652 | 659 | 665 | 672 | 679 |
| Other | 2,703 | 1,354 | 1,367 | 1,381 | 1,395 | 1,409 | 1,423 | 1,437 | 1,451 | 1,466 | 1,481 | 1,495 |
| TOTAL REVENUE | 96,586 | 100,517 | 107,671 | 117,067 | 127,449 | 138,881 | 151,241 | 160,253 | 169,461 | 179,000 | 187,852 | 196,892 |
| TOTAL RESOURCES | \$ 136,131 | \$ 134,691 | \$ 135,775 | \$ 137,894 | \$ 145,784 | \$ 156,556 | \$ 173,278 | \$ 191,525 | \$ 213,966 | \$ 249,750 | \$ 289,961 | \$ 332,208 |
| UTILITY EXPENSE | | | | | | | | | | | | |
| OPERATIONS & MAINTENANCE | | | | | | | | | | | | |
| Personnel | 29,515 | 31,401 | 32,658 | 33,638 | 34,647 | 35,686 | 36,757 | 37,860 | 38,995 | 40,165 | 41,370 | 42,611 |
| 27th pay period | - | - | 1,415 | - | - | - | - | - | - | - | - | - |
| Insurances | 3,930 | 3,853 | 4,523 | 4,840 | 5,179 | 5,541 | 5,929 | 6,344 | 6,788 | 7,264 | 7,772 | 8,316 |
| Supplies & Materials | 3,700 | 4,853 | 4,519 | 4,655 | 4,794 | 4,938 | 5,086 | 5,239 | 5,396 | 5,558 | 5,725 | 5,897 |
| Chemicals | 6,318 | 8,247 | 8,875 | 9,141 | 9,415 | 9,698 | 9,989 | 10,288 | 10,597 | 10,915 | 11,242 | 11,580 |
| Pro Rata | 4,270 | 4,523 | 4,845 | 5,268 | 5,735 | 6,250 | 6,806 | 7,211 | 7,626 | 8,055 | 8,453 | 8,860 |
| Contractual Services | 6,673 | 7,695 | 6,101 | 6,284 | 6,472 | 6,666 | 6,866 | 7,072 | 7,285 | 7,503 | 7,728 | 7,960 |
| Electricity | 5,388 | 5,290 | 5,175 | 5,331 | 5,491 | 5,655 | 5,825 | 6,000 | 6,180 | 6,365 | 6,556 | 6,753 |
| Data Processing | 3,061 | 3,276 | 3,180 | 3,275 | 3,374 | 3,475 | 3,579 | 3,686 | 3,797 | 3,911 | 4,028 | 4,149 |
| Other | 425 | 98 | 116 | 119 | 123 | 127 | 131 | 134 | 139 | 143 | 147 | 151 |
| Equipment | 1,522 | 1,500 | 851 | 876 | 902 | 929 | 957 | 986 | 1,016 | 1,046 | 1,078 | 1,110 |
| Division of Operational Support Allocation | - | - | 2,327 | 2,397 | 2,469 | 2,543 | 2,619 | 2,697 | 2,778 | 2,862 | 2,948 | 3,036 |
| P/U Director's Allocation | - | 381 | 363 | 374 | 385 | 397 | 409 | 421 | 434 | 447 | 460 | 474 |
| TOTAL OPERATIONS & MAINTENANCE | 64,802 | 71,117 | 74,948 | 76,198 | 78,986 | 81,905 | 84,953 | 87,938 | 91,031 | 94,234 | 97,507 | 100,897 |
| DEBT SERVICE | | | | | | | | | | | | |
| Revenue Bond | 6,971 | 7,131 | 7,278 | 7,487 | 7,662 | 7,799 | 7,989 | 8,232 | - | - | - | - |
| General Obligation | 28,711 | 30,120 | 31,382 | 31,850 | 30,611 | 27,056 | 26,051 | 24,134 | 22,695 | 20,155 | 18,966 | 18,224 |
| Proposed New Debt | - | - | - | 2,685 | 9,508 | 16,419 | 21,672 | 25,374 | 28,152 | 31,913 | 36,831 | 41,599 |
| Alum Creek Debt | 1,547 | 1,213 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 |
| TOTAL DEBT SERVICE | 37,229 | 38,464 | 40,000 | 43,362 | 49,121 | 52,614 | 57,052 | 59,080 | 52,187 | 53,408 | 57,137 | 61,163 |
| TOTAL EXPENSE | 102,031 | 109,581 | 114,948 | 119,560 | 128,107 | 134,519 | 142,005 | 147,018 | 143,218 | 147,642 | 154,644 | 162,060 |
| ENDING FUND BALANCE | \$ 34,100 | \$ 21,110 | \$ 20,827 | \$ 18,334 | \$ 17,677 | \$ 22,037 | \$ 31,273 | \$ 44,507 | \$ 70,748 | \$ 102,108 | \$ 135,317 | \$ 170,148 |
| PROJECTED RATE INCREASE | 5.00% | 7.25% | 7.25% | 9.75% | 9.75% | 9.75% | 9.25% | 5.00% | 5.00% | 5.00% | 4.00% | 4.00% |
| RESERVE REQUIREMENT: | | | | | | | | | | | | |
| 10% of Operations/Maintenance Costs | 6,480 | 7,112 | 7,495 | 7,620 | 7,899 | 8,191 | 8,495 | 8,794 | 9,103 | 9,423 | 9,751 | 10,090 |
| ANTICIPATED DEBT TO BE ISSUED | \$ - | \$ - | \$ 56,532 | \$ 72,656 | \$ 62,048 | \$ 45,180 | \$ 35,400 | \$ 29,760 | \$ 54,535 | \$ 54,535 | \$ 54,535 | \$ 54,535 |

| WATER ENTERPRISE FUND | | | | | | | | | | | | |
|--|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014 | | | | | | | | | | | | |
| IN DOLLARS - 000'S OMITTED | | | | | | | | | | | | |
| ACTUAL | ESTIMATED | PROPOSED | | | | | | | | | | |
| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| CASH BASIS COVERAGE | | | | | | | | | | | | |
| REVENUES | \$ 96,586 | \$ 100,517 | \$ 107,671 | \$ 117,067 | \$ 127,449 | \$ 138,881 | \$ 151,241 | \$ 160,253 | \$ 169,461 | \$ 179,000 | \$ 187,852 | \$ 196,892 |
| CONSTRUCTION FUNDS INTEREST | (2,187) | (108) | (1,270) | (1,402) | (1,206) | (943) | (862) | (915) | (1,486) | (1,879) | (2,350) | (2,848) |
| NET REVENUES | \$ 94,399 | \$ 100,409 | \$ 106,401 | \$ 115,665 | \$ 126,243 | \$ 137,938 | \$ 150,379 | \$ 159,338 | \$ 167,975 | \$ 177,121 | \$ 185,502 | \$ 194,044 |
| GROSS O&M EXPENSES | 66,349 | 72,330 | 76,288 | 77,538 | 80,326 | 83,245 | 86,293 | 89,278 | 92,371 | 95,574 | 98,847 | 102,237 |
| PAYMENT TO/FOR OHIO WATER RIGHTS | (1,547) | (1,213) | (1,340) | (1,340) | (1,340) | (1,340) | (1,340) | (1,340) | (1,340) | (1,340) | (1,340) | (1,340) |
| O&M EXPENSES | 64,802 | 71,117 | 74,948 | 76,198 | 78,986 | 81,905 | 84,953 | 87,938 | 91,031 | 94,234 | 97,507 | 100,897 |
| NET REVENUES | \$ 29,597 | \$ 29,292 | \$ 31,453 | \$ 39,467 | \$ 47,257 | \$ 56,033 | \$ 65,426 | \$ 71,400 | \$ 76,944 | \$ 82,887 | \$ 87,995 | \$ 93,147 |
| ACT./EST. SYSTEM RESERVE FUND ON JAN. 1 | 36,948 | 34,174 | 28,104 | 20,827 | 18,335 | 17,675 | 22,037 | 31,272 | 44,505 | 70,750 | 102,109 | 135,316 |
| O&M EXPENSE RESERVE REQUIREMENT | (6,480) | (7,112) | (7,495) | (7,620) | (7,899) | (8,191) | (8,495) | (8,794) | (9,103) | (9,423) | (9,751) | (10,090) |
| SYSTEM RESERVE FUND AVAILABLE | 30,468 | 27,062 | 20,609 | 13,207 | 10,436 | 9,485 | 13,542 | 22,478 | 35,402 | 61,327 | 92,358 | 125,226 |
| ADJUSTED NET REVENUES | \$ 60,065 | \$ 56,354 | \$ 52,062 | \$ 52,674 | \$ 57,693 | \$ 65,518 | \$ 78,968 | \$ 93,878 | \$ 112,346 | \$ 144,214 | \$ 180,353 | \$ 218,373 |
| REVENUE BOND DEBT SERVICE | 6,971 | 7,131 | 7,278 | 7,487 | 7,662 | 7,799 | 7,989 | 8,232 | - | - | - | - |
| G.O. DEBT SERVICE (including proposed new debt) | 28,711 | 30,120 | 31,382 | 34,535 | 40,119 | 43,475 | 47,723 | 49,508 | 50,847 | 52,068 | 55,797 | 59,823 |
| PAYMENT TO/FOR OHIO WATER RIGHTS | 1,547 | 1,213 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 | 1,340 |
| TOTAL DEBT SERVICE | \$ 37,229 | \$ 38,464 | \$ 40,000 | \$ 43,362 | \$ 49,121 | \$ 52,614 | \$ 57,052 | \$ 59,080 | \$ 52,187 | \$ 53,408 | \$ 57,137 | \$ 61,163 |
| Rate covenant tests: | | | | | | | | | | | | |
| COVERAGE RATIO (1.00 REQUIRED) ADJ. NET REVENUES vs. TOTAL DEBT SERVICE | 1.61 | 1.47 | 1.30 | 1.21 | 1.17 | 1.25 | 1.38 | 1.59 | 2.15 | 2.70 | 3.16 | 3.57 |
| COVERAGE RATIO (1.25 REQUIRED) ADJ. NET REVENUES vs. REV. BOND DEBT SERVICE | 8.62 | 7.90 | 7.15 | 7.04 | 7.53 | 8.40 | 9.88 | 11.40 | NA | NA | NA | NA |
| Bond Reserve Requirement Test | | | | | | | | | | | | |
| COVERAGE RATIO (1.50 REQUIRED) | 8.62 | 7.90 | 7.15 | 7.04 | 7.53 | 8.40 | 9.88 | 11.40 | NA | NA | NA | NA |

Storm Sewer Maintenance Fund

2005 Cash Balance Statement

Prior to 1993, the storm sewer maintenance special revenue fund was used only to reimburse the sanitary operating fund for stormwater management expenses. No expenditures were made directly out of this fund. This arrangement changed in 1993, when the storm sewer maintenance fund became the operating fund for stormwater management engineering and design, although the sanitary fund is still reimbursed for some storm sewer maintenance expenses. More recently, this fund's designation changed from that of special revenue to enterprise fund. This change allowed the division to set aside monies in a reserve fund against which contracts could be certified in the absence of bond cash.

The storm sewer maintenance fund will begin 2005 with a cash balance of nearly \$18.3 million, including the \$10 million in the reserve fund. No additional reserve fund transfers are projected at this time. However, the department will request that any surplus revenues, when available, be shifted to that fund.

2005 FUND BALANCE SUMMARY

| | |
|--|-----------------------------|
| Unencumbered Cash Balance (January 1, 2005) | \$18,257,811 |
| Plus Estimated 2005 Receipts | 24,673,414 |
| Total Estimated Available Resources | <u>\$42,931,225</u> |
| Less 2005 Recommended Operating Budget | (23,449,999) |
| Less 2005 Recommended Operating Budget (Operational Support) | (525,425) |
| Projected Available Balance (December 31, 2005) | <u><u>\$ 18,955,801</u></u> |

Note: Balance at January 1, 2005 includes reserve fund balance

2005 Revenue Summary

Stormwater maintenance fees provide the vast majority of revenues to this fund. In August 1995, the Division of Sewerage and Drainage implemented a new fee structure based on the impervious area of a given property, which directly relates to stormwater runoff into the storm drainage system. The stormwater service fee is based upon an equitable and consistent rate system, defined in equivalent residential units (ERU), where one ERU equals 2,000 square feet of impervious area. The fee, as recommended by the Sewer and Water Advisory Board and approved by Columbus City Council, was \$2.44/ERU per month for 1995. During 1995, however, revenues exceeded original projections by nearly 50 percent; a result of higher than projected ERU's, and lower than projected credit applications. For that reason, the sewer and water advisory board recommended a rate decrease for 1996, to \$1.64/ERU per month. In 2000, the stormwater rate

increased by 35 percent, after 5 years of remaining static. It was again increased in 2001 by 12.5 percent, by 9.5 percent in 2002, and by 5 percent in 2003. Statements relative to this fund are made on a cash basis, which do not account for outstanding end of year encumbrances. The following chart summarizes actual and projected revenues for the years 2002 through 2005.

| STORM SEWER MAINTENANCE FUND REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2002-2005 | | | | |
|---|------------------------|------------------------|---------------------------|--------------------------|
| REVENUE SUMMARY | 2002 Actual | 2003 Actual | 2004 Estimated | 2005 Proposed |
| Storm Maintenance Fees | \$ 19,815,567 | \$ 21,028,019 | \$ 23,178,000 | \$ 23,842,241 |
| Investment Earnings | 507,374 | 720,416 | 280,600 | 601,924 |
| Other Revenues (includes insurance rebates) | 155,296 | 238,678 | 226,900 | 229,249 |
| Beginning Year Cash Balance | 8,408,079 | 11,257,113 | 13,910,762 | 18,257,811 |
| TOTAL RESOURCES | \$ 28,886,316 | \$ 33,244,226 | \$ 37,596,262 | \$ 42,931,225 |
| PERCENT CHANGE | | 15.09% | 13.09% | 14.19% |

Revenue Notes:

- The \$24.7 million in revenues to be generated in 2005 is based on a charge of \$3.21 per ERU, per month.

Storm Sewer Maintenance Pro Forma Operating Statement

- The Storm Sewer Maintenance pro forma operating statement assumes that rates will increase by 6.5 percent to \$3.21/ERU in 2005.
- Operations and maintenance expenses, excluding health insurance and pro rata are inflated at three percent per year. Insurance costs are inflated by 7 percent annually, while the projected pro rata in each year is 4.5 percent of each year's projected revenues. (Note: As non-insurance personnel costs are inflated by only three percent annually, it is assumed that the division's employee strength will not increase over the pro forma period.)
- Operations and maintenance costs also include pro-rated costs associated with the newly organized Division of Operational Support (DOS). The relative percentage of the DOS budget each enterprise division will bear in any given year will depend upon the type and beneficiary of projects undertaken by the DOS during that year.
- The division's 2005 operations and maintenance budget includes \$1,000,000 for specialized equipment rental.
- The division's capital improvements plan has been discounted by 15 percent throughout the pro forma period. This reduction recognizes the probability that debt issued in any given year will not reach the levels outlined in the division's capital improvements budget due to unavoidable lags in the project planning and implementation process.
- The pro forma statement assumes debt issuance amounts of \$30.1 million in 2005, \$21.2 million in 2006, \$12.7 million in 2007, \$4.6 million in 2008, \$7.6 million in 2009 and nearly \$12 million in 2010. Note that these amounts reflect the capital improvements plan after the aforementioned discount.
- This year, for the first time, the storm sewer pro forma includes costs associated with the street cleaning function. These costs were transferred from the Public Service Department in 2004 and are projected to total \$2.9 million in 2005. A three percent growth rate for this program is assumed thereafter.

| STORMWATER ENTERPRISE FUND PRO FORMA OPERATING STATEMENT FOR YEARS 2003 - 2014 IN DOLLARS - 000'S OMITTED | | | | | | | | | | | | |
|---|----------------|-------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | ACTUAL 2003 | ESTIMATED 2004 | PROPOSED 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Operating Fund Beginning Bal. | \$ 11,257 | \$ 3,911 | \$ 8,258 | \$ 8,956 | \$ 7,783 | \$ 5,482 | \$ 2,928 | \$ 1,326 | \$ 945 | \$ 1,635 | \$ 3,201 | \$ 5,690 |
| Reserve Fund Beginning Bal. | \$ - | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Total Beginning Balance: | \$ 11,257 | \$ 13,911 | \$ 18,258 | \$ 18,956 | \$ 17,783 | \$ 15,482 | \$ 12,928 | \$ 11,326 | \$ 10,945 | \$ 11,635 | \$ 13,201 | \$ 15,690 |
| UTILITY REVENUE | | | | | | | | | | | | |
| Storm Maintenance Service Charges | 21,028 | 23,178 | 22,502 | 24,239 | 26,086 | 27,967 | 29,650 | 31,443 | 33,349 | 35,370 | 37,510 | 39,771 |
| Rate Increase (Decrease) | - | - | 1,341 | 1,444 | 1,435 | 1,282 | 1,359 | 1,441 | 1,528 | 1,621 | 1,719 | 1,823 |
| Investment Earnings | 720 | 281 | 602 | 478 | 340 | 219 | 325 | 325 | 340 | 340 | 340 | - |
| Storm Sewer Maintenance Penalties | 168 | 224 | 226 | 229 | 231 | 233 | 236 | 238 | 240 | 243 | 245 | 248 |
| Other Revenues | 71 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| TOTAL REVENUE | 21,987 | 23,686 | 24,673 | 26,393 | 28,094 | 29,704 | 31,573 | 33,451 | 35,461 | 37,577 | 39,817 | 41,845 |
| TOTAL RESOURCES | \$ 33,244 | \$ 37,596 | \$ 42,931 | \$ 45,349 | \$ 45,877 | \$ 45,186 | \$ 44,502 | \$ 44,777 | \$ 46,406 | \$ 49,212 | \$ 53,018 | \$ 57,535 |
| UTILITY EXPENSE | | | | | | | | | | | | |
| Personnel | 1,990 | 1,991 | 2,172 | 2,238 | 2,305 | 2,374 | 2,445 | 2,518 | 2,594 | 2,672 | 2,752 | 2,835 |
| 27th pay period | 0 | 0 | 99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurances | 249 | 241 | 306 | 327 | 350 | 375 | 401 | 429 | 459 | 491 | 525 | 562 |
| Supplies and Materials | 10 | 17 | 13 | 13 | 14 | 14 | 15 | 15 | 16 | 16 | 16 | 17 |
| Contractual Services | 1,775 | 1,230 | 988 | 1,018 | 1,048 | 1,080 | 1,112 | 1,146 | 1,180 | 1,215 | 1,252 | 1,290 |
| Pro Rata | 972 | 1,066 | 1,110 | 1,188 | 1,264 | 1,337 | 1,421 | 1,505 | 1,596 | 1,691 | 1,792 | 1,883 |
| Equipment | 0 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 176 | 200 | 210 | 216 | 223 | 229 | 236 | 243 | 251 | 258 | 266 | 274 |
| Reimbursement to Sanitary Enterprise | 8,267 | 8,670 | 8,755 | 8,843 | 8,931 | 9,020 | 9,110 | 9,202 | 9,294 | 9,387 | 9,480 | 9,575 |
| Division of Operational Support Allocation | 0 | 0 | 525 | 541 | 557 | 574 | 591 | 609 | 627 | 646 | 666 | 686 |
| Street Cleaning (transferred from Public Service) | 0 | 2,900 | 2,900 | 2,987 | 3,077 | 3,169 | 3,264 | 3,362 | 3,463 | 3,567 | 3,674 | 3,784 |
| Subtotal Operations and Maintenance Expense | \$ 13,439 | \$ 16,332 | \$ 17,079 | \$ 17,371 | \$ 17,769 | \$ 18,172 | \$ 18,596 | \$ 19,029 | \$ 19,479 | \$ 19,943 | \$ 20,423 | \$ 20,905 |
| Debt Service: | | | | | | | | | | | | |
| General Obligation Debt | 5,314 | 5,453 | 6,897 | 8,538 | 8,258 | 8,011 | 7,762 | 7,517 | 7,176 | 6,883 | 6,635 | 6,362 |
| Less Premium from '04 Issuance | 0 | (2,447) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Transfer to Bond Fund | 581 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proposed New Debt | 0 | 0 | 0 | 1,657 | 4,367 | 6,075 | 6,818 | 7,286 | 8,117 | 9,185 | 10,270 | 10,270 |
| Total Debt Service: | \$ 5,895 | \$ 3,007 | \$ 6,897 | \$ 10,195 | \$ 12,626 | \$ 14,086 | \$ 14,580 | \$ 14,803 | \$ 15,292 | \$ 16,068 | \$ 16,905 | \$ 16,632 |
| Transfer to Reserve Fund | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENSE | \$ 19,333 | \$ 19,338 | \$ 23,975 | \$ 27,566 | \$ 30,395 | \$ 32,258 | \$ 33,176 | \$ 33,832 | \$ 34,771 | \$ 36,011 | \$ 37,328 | \$ 37,536 |
| ENDING FUND BALANCE (see comment for plug info.) | | | | | | | | | | | | |
| | \$ 13,911 | \$ 18,258 | \$ 18,956 | \$ 17,783 | \$ 15,482 | \$ 12,928 | \$ 11,326 | \$ 10,945 | \$ 11,635 | \$ 13,201 | \$ 15,690 | \$ 19,999 |
| RATE CHANGE | | | | | | | | | | | | |
| | 5.00% | 5.00% | 6.50% | 6.50% | 6.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| 10% of Operations/Maintenance Costs | \$ 402 | \$ 1,389 | \$ 1,708 | \$ 1,903 | \$ 2,214 | \$ 2,425 | \$ 2,541 | \$ 2,632 | \$ 2,760 | \$ 2,913 | \$ 3,069 | \$ 3,117 |
| COST/MONTH/ERU | \$2.87 | \$3.01 | \$3.21 | \$3.42 | \$3.63 | \$3.81 | \$4.00 | \$4.20 | \$4.41 | \$4.63 | \$4.86 | \$5.10 |
| ASSUMES base of 555,500 ERU'S, with annual growth per year as follows: | 1.01% | 589,850 | 595,807 | 601,825 | 607,903 | 614,043 | 620,245 | 626,509 | 632,837 | 639,229 | 645,685 | 652,206 |
| 10% of O&M | 1,344 | 1,633 | 1,708 | 1,737 | 1,777 | 1,817 | 1,860 | 1,903 | 1,948 | 1,994 | 2,042 | 2,090 |
| Fund balance less 10% requirement | 12,567 | 16,625 | 17,248 | 16,046 | 13,705 | 11,111 | 9,466 | 9,042 | 9,687 | 11,207 | 13,648 | 17,908 |

